



## LOS ANGELES COUNTY WIA and CalWORKS YOUTH BULLETIN

NUMBER: YTH 02-07  
CalWKs02-01

SUBJECT: Modification of Crime Coverage Provision  
to WIA and CalWORKs Youth Contracts

DATE: 2-12-02

EFFECTIVE DATE: IMMEDIATELY

PAGE 1 OF 2

### **\*\* IMPORTANT NOTICE \*\***

### **REPLY REQUESTED BY FEBRUARY 28, 2002**

**TO: All Youth Service Providers**

#### **Purpose**

The purpose of this bulletin is to notify all Youth Service Providers that the **Crime Coverage** provision, **Insurance Section 1002(d)** of both the WIA Youth and CalWORKs Youth Jobs Standard Terms and Conditions, has been modified to reflect a **reduction** in the crime coverage requirement. This modification reflects current County policy and is made in accordance with Section 202 of the Standard Terms and Conditions.

#### **Modifications**

On August 8, 2001, the County issued a Bulletin (**WIA01-29 and Cal01-05**) notifying all youth service providers that the Insurance Provision (Section 1002 et. al.) of their Contracts had been modified. All of the terms set forth in the August 8<sup>th</sup> Bulletin remains in full effect. This Bulletin **modifies only the crime coverage requirement**, reducing the August 8<sup>th</sup> liability crime coverage requirement from "\$1,000,000 per occurrence" to **"\$50,000 per occurrence"**.

The above-mentioned reduction in the Crime Coverage (Section 1002(d) of the Standards Terms and Conditions) applies to both the WIA Youth and CalWORKs Youth Jobs Contracts. The modified language reducing the coverage amount is set forth in **Attachment "1"** to this Bulletin. **Attachment "2"** contains a guide on which to base the insurance amounts.

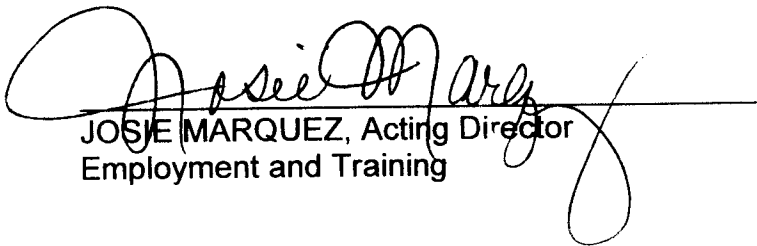
To acknowledge receipt and acceptance of the Crime Coverage modification, please sign and date the attached **"Acceptance of Crime Coverage Modification" form, Attachment "A"**, and return the signed original, along with a copy of **Attachment "1"**, by **Thursday, February 28, 2002** to: Community and Senior Services, 3175 W. 6<sup>th</sup> Street, Los Angeles, CA 90020, Attn: Youth Program.

The above modification shall constitute formal amendment to the Contract. Except as expressly modified, all remaining provisions in the Contract shall remain in full force and effect.

The County staff person assigned to negotiate your contract will incorporate the revised provisions into the Standard Terms and Conditions of the finalized contract package.

Please note that for any contractors/LWIAs who have not yet submitted a signed original of the **August 8<sup>th</sup> "Acceptance of Insurance Modification"** form, issued with Bulletin **WIA01-29 and Cal01-05**, they must also submit the August 8<sup>th</sup> form along with that attached **"Acceptance of Crime Coverage Modification"** form to this Bulletin (Attachment A), by **Thursday, February 28, 2002**.

If you have any questions, please contact Ms. D.B. Quan at (213) 738-2624.



JOSIE MARQUEZ, Acting Director  
Employment and Training

## **ATTACHMENT 1**

**1002. Insurance.** Without limiting the CONTRACTOR indemnification of the County, and except as otherwise provided herein, the CONTRACTOR shall provide and maintain at its own expense, and require all of its SUBCONTRACTORS to maintain, during the term of this CONTRACT, the following program(s) of insurance covering its operations as applicable hereunder in this agreement. Such insurance, which shall be provided by insurer(s) and satisfactory to the County's Risk Manager, shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Proof of insurance shall be delivered to DCSS, Employment & Training Contracts Unit, 3175 West Sixth Street, Los Angeles, California 90020-1798 (specifying the Special Programs Manager as DCSS Contractor Administrator and DCSS as the Contract Department, on or before the effective date of the contract). Such evidence shall specifically identify this contract and contain express conditions that the County be given at least 30 days advance written notice of any modification or termination of any program of insurance. Failure on the part of the CONTRACTOR to procure or maintain insurance shall constitute a material breach upon which the County may immediately terminate or suspend this CONTRACT.

All insurance required hereunder shall be primary with respect to any insurance maintained by the County and shall not call on the County's program for contributions. Program(s) of insurance shall include:

- (d) Crime Coverage:** A comprehensive crime policy in an amount not less than **\$50,000 per occurrence** against loss of money, securities, other property, as applicable to this agreement, for employee dishonesty, forgery or alteration, theft, disappearance and destruction, computer fraud, or burglary and robbery. CONTRACTOR shall be required to provide County with certified copies of the current certificates of insurance and policy endorsement pages, both naming County of Los Angeles as the individual loss payee as its interests appear for all contractual obligations with the CONTRACTOR (named insured) and include CONTRACTOR and the County's name/address and the signature/date of the insurance representative.

## **ATTACHMENT 2**

### **GUIDANCE TO BASE INSURANCE AMOUNTS ON**

#### **Crime**

1. **Purpose:** Crime coverages protect against the loss of County money and/or securities which are under the care, custody and/or control of the Contractor.
2. **Coverage requirements:** Coverage should be required in agreements or contracts which require Contractors to pick up, carry, guard and/or handle large amounts of cash or other highly valued items on behalf of the County. Such items may include bearer bonds, County warrants, food stamps, vouchers or other negotiables. Coverage should also be required when a Contractor has use of or access to County computer systems which transfer funds or record payables. The County should be named in all crime policies as *loss payee*.

The following table indicates the types of crime coverage required based upon the nature of risk exposure:

#### **Crime Coverage Type Requirements**

<b>Types of Crime Insurance</b>	<b>Situations Requiring Each Coverage Type</b>
Employee dishonesty	Contractor collects or handles a substantial amount of money, securities or other property on County's behalf. Coverage should be required for firms transporting County receipts, administering claim payments and handling food stamps.
Forgery or alteration	Contractor handles or issues checks or other financial instruments (such as vouchers, certificates of deposit, food stamps, bearer bonds) which deposit or transfer funds.
Theft, disappearance and destruction	Contractor handles property owned by the County, or property belonging to others for which the County is held financially responsible.
Computer fraud	Contractor has access to County computer systems (from inside or outside the County's premises) or Contractor installs, makes modifications to, or prepares software used by the County. Coverage is needed when the computer system and/or software can be used to transfer funds or record payables.
Burglary and robbery	Contractor transports or stores County property at the Contractor's premises.

3. **Coverage limits (by coverage type):** Crime losses are not frequent, and this makes them more difficult to predict. However, it is known that employee dishonesty losses tend to most commonly arise from the long-term actions of an employee. As such, losses tend to be severe when they are discovered. The limits required should reflect the amount the department feels will comfortably protect its financial interests, and should bear a reasonable relationship to the amount of County funds entrusted to the Contractor. The following table provides general guidelines for determination of coverage limits; however, it also suggests that departments obtain the assistance of their finance and accounting staff in developing an estimation of the potential loss exposure.

**Crime Coverage Limit Requirements**

<b>Types of Crime Insurance</b>	<b>Limits by Coverage Type</b>
Employee dishonesty	<p>Example: A department is confident that control measures would result in quick discovery of the theft of \$100,000 or more in funds. That amount, multiplied by the number of years the Contractor is expected to serve the County (including all past contract years), represents the amount of theft that could potentially go unnoticed and should be insured:</p> <p>Coverage limit = \$100,000 potential theft x 3-year contract = \$300,000</p>
Forgery or alteration	Limits equal to the employee dishonesty limit should be required. Brokers advise that most Contractors typically purchase these limits, since the cost of forgery coverage is modest.
Theft, disappearance and destruction	Limits should reflect the maximum value of the County's property in the Contractor's possession at any one time.
Computer fraud	Limits should reflect the maximum value of the County's property in the Contractor's possession at any one time.
Burglary and robbery	Limits should reflect the maximum value of County property which may be accessed by the Contractor at any one time.

**ATTACHMENT A**  
**ACCEPTANCE OF CRIME COVERAGE MODIFICATION**  
**WIA and CALWORKS CONTRACTS**

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\_\_\_\_\_, on behalf of \_\_\_\_\_,  
(Program Director)

Check One:

- ☐ Local Workforce Area (LWIA)  
☐ Agency

having reviewed and understood the above-referenced Crime Coverage Modification document,  
Attachment 1, hereby accepts the terms and conditions contained therein and agrees to incorporate  
the revised terms into the Standard Terms and Conditions of the 2001-2002 Contracts, as checked  
below:

- ☐ WIA Youth Contract  
☐ CalWORKs Youth Jobs Contract  
(all LWIAs must check here)

Dated: \_\_\_\_\_

\_\_\_\_\_  
Program Director (Print)

\_\_\_\_\_  
(Signature)